

The President's Daily Brief

3 August 1972

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

3 August 1972

PRINCIPAL DEVELOPMENTS

Fighting is again heavy around Quang Tri City. In the northern delta, meanwhile, a large concentration of Communist units has been detected in Base Area 470. (Page 1)

Libya and Egypt have announced plans to unite their two countries, but the blueprint falls well short of Qadhafi's hope for complete and immediate fusion. (Page 2)

The status of Soviet economic technicians in Egypt

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do not appear affected by the withdrawal of Soviet

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Pakistan

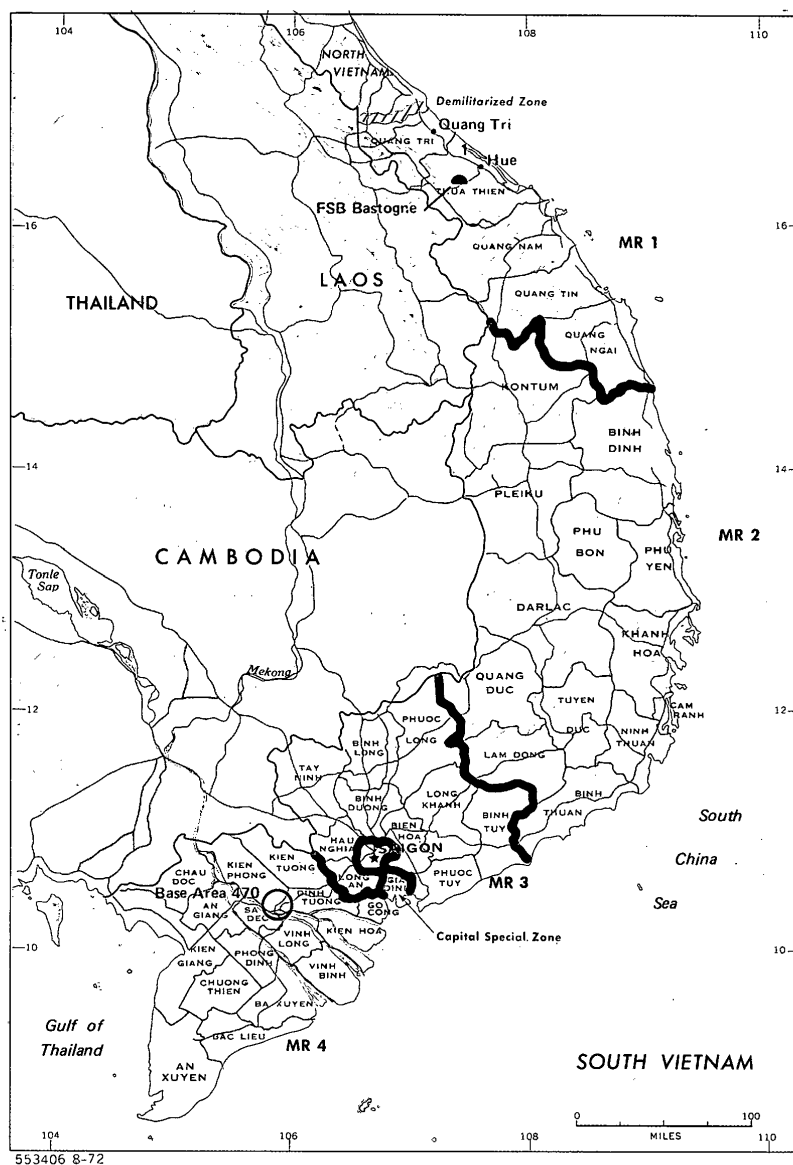
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Bangladesh.

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LIBYA-EGYPT

Presidents Qadhafi and Sadat have announced plans for union of their countries by 1 September 1973. The union is intended to be implemented in stages under the direction of a unified political leadership that will recommend plans for merging the institutions of the two countries. Joint committees will be set up to prepare for integration of all political, economic, and national security systems. After approval by the leadership of both countries, the final formula for union will be submitted for popular vote.

This blueprint falls well short of Qadhafi's hope for complete and immediate fusion. Moreover, Qadhafi's eagerness to press ahead in his scheme for Arab unity could cause him serious problems at home. Relations with Egypt were a major cause of the discord that broke out within Libya's collective leadership last month. Some members of the Revolutionary Command Council have favored a more cautious approach toward Egypt and have opposed Qadhafi's generous financial assistance to the Egyptians. Libya's political and financial commitment to the new union is thus likely to cause renewed dissension within the Libyan ruling group in the coming months and could be a critical factor in the delicate balance among its 12 members.

The long lead time for the establishment of the union was likely a concession to Sadat. The Egyptian leader seems to have agreed to Qadhafi's scheme largely to avoid antagonizing an important aid donor.

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EGYPT-USSR

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In fact, the number of Soviet technicians assigned to economic aid projects--now standing at about 550 men

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Moscow and Cairo have a mutual interest in the continuation of substantial Soviet economic and technical assistance to Egypt. President Sadat has stated that the removal of Soviet military advisers was not intended to alter the basic friendship and cooperation between the two countries. He has indicated that Egypt continues to rely on the USSR for economic and technical aid.

With the severe reduction of its military presence in Egypt, Moscow must rely more than ever on economic and technical assistance to maintain its influence in Egypt and the Arab world.

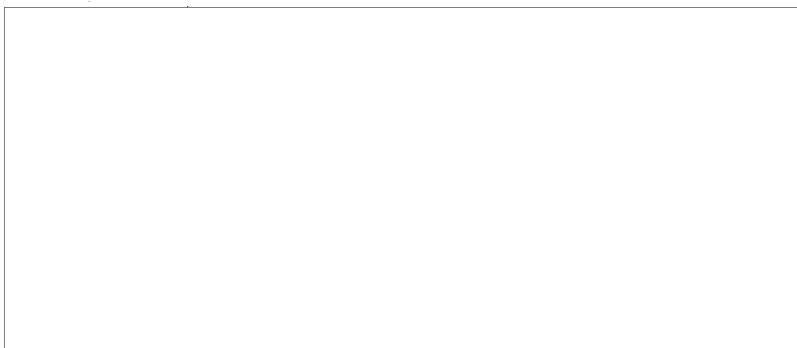
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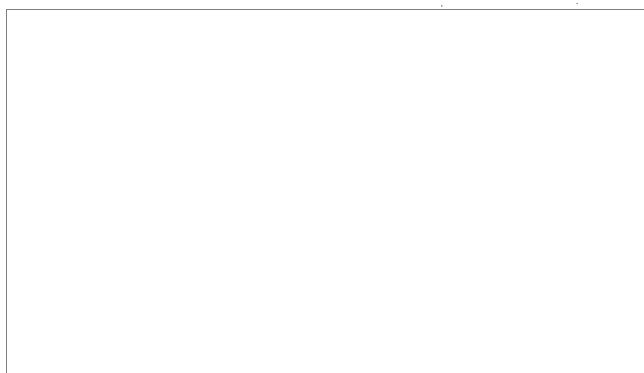
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PAKISTAN-BANGLADESH



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NOTES

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Japan: The Japanese Defense Agency has requested a \$15-billion appropriation for 1972-76, more than double the level of defense spending under the previous five-year program. The share of the gross national product devoted to defense, however, would remain at approximately one percent if the economy grows at or near the expected rate. One effect of the spending boost would be a significant increase in purchases of military hardware from the US.

Paraguay: 

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